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Legislative Assembly and the Madras Legislative Council on the committee for the next term commencing from November 1949, this Council do recommend to the Government to communicate to the South Indian Railway the name of one person elected by this Council to serve on the committee for a period of two years from 1st November 1949 '."

MR. PRESIDENT :—" The question is—

' That as the term of the Local Advisory Committee of the South Indian Railway has expired on the 31st October 1949 and the committee has to be reconstituted in November 1949, and as the General Manager, South Indian Railway, has requested the Government to communicate to him the names of the members to represent the Madras Legislative Assembly and the Madras Legislative Council on the committee for the next term commencing from November 1949, this Council do recommend to the Government to communicate to the South Indian Railway the name of one person elected by this Council to serve on the committee for a period of two years from 1st November 1949 '."

The motion was put and carried.

MR. PRESIDENT :—" With reference to the motion of the Hon. Minister for Public Works regarding the election of one Member of this Council to the Local Advisory Committee of the South Indian Railway passed by the Council just now, I am to state that the nominations should be handed over to the Secretary before 3 p.m. on Wednesday the 16th November 1949. The nomination forms can be obtained from the Secretary. There will be an election on a date to be announced in due course, if the number of candidates nominated exceeds one. The election will be by the ordinary method and not by means of the single transferable vote."

(3) INCREASE IN THE MAXIMUM AMOUNT OF THE GUARANTEE GIVEN BY THE GOVERNMENT IN RESPECT OF DEBENTURES ISSUED BY THE MADRAS CO-OPERATIVE CENTRAL LAND MORTGAGE BANK, LTD.

THE HON. SRI K. CHANDRAMOULI :—" Sir, I move—

' *This Council recommends to the Provincial Government that they may under sub-section* (2) *of section* 6 *of the Madras Co-operative Land Mortgage Banks Act*, 1934, *increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank, Ltd., up to a total face value of Rs.* 550 *lakhs exclusive of such debentures as the bank may from time to time redeem, such debentures being issued for periods not exceeding in any case* 25 *years from the date of issue and bearing interest at a rate not exceeding* 5 *per cent per annum.*'

" Before I go into the reasons for increasing the amount of the guarantee, I would like to place before the House the financial

position of the bank as on 30th June 1949 so that the Members may understand that it is sound and that it justifies the grant of the request made by the bank.

	RS. (IN LAKHS)
Paid-up share capital	12·38
Reserve and other funds	24·20
Debentures in circulation	420·92
Deposits, loans and over-drafts	13·61
Sundry liabilities	5·18
Profit for the year 1948–49	2·26
Total ...	478·55

Every time, the Reserve Bank has also certified that the financial position of the Central Land Mortgage Bank is sound.

"I will place before the House the reasons why the bank feels the need for increasing the Government guarantee for its debentures. Most of the funds with the bank have been lent, and a sum of Rs. 345·75 lakhs is outstanding as loans due from primary banks as on 30th June 1949. The amount available at the disposal of the bank is therefore very meagre. Secondly, hitherto the rate of interest charged for borrowers in Rayalaseema was $5\frac{1}{4}$ per cent. After going into the Report of the Rayalaseema Enquiry Committee and other things, the Government have reduced that rate to 3 per cent and give the balance of $2\frac{1}{4}$ per cent as subsidy. That is why there is more demand for loans from the ryots. Due to the nature of the inheritance laws and other conditions peculiar to Malabar and South Kanara districts, the bank was advancing loans cautiously in those districts, and in some cases the loan was as low as 15 per cent of the value of the land. After considering the present economic position of the ryots there and also the meagre help that has been given to those districts, the Government have liberalized the conditions for grant of loans. The maximum loan has been raised to 35 per cent in some cases and 50 per cent in other cases. Loans have been permitted in respect of agricultural lands in Mangalore and other municipal areas in the South Kanara district, houses being taken as collateral security. Besides we are going to increase the number of primary banks. There is a proposal to start nine new banks in the current year. On account of all these factors, the bank is in need of more finance and requests the Government to raise the maximum amount of their guarantee from Rs. 450 lakhs to Rs. 550 lakhs. The bulk of the debentures of the bank had been taken up by joint stock and insurance companies, local bodies and co-operative institutions, which need Government security. All these things show that the bank is in need of more funds immediately. Hence I request the House to accept the motion."

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MR. PRESIDENT :—" The question is—

'This Council recommends to the Provincial Government that they may under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank, Ltd., up to a total face value of Rs. 550 lakhs exclusive of such debentures as the bank may from time to time redeem, such debentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum'."

SRI B. BHIMA RAO :—" Sir, I rise on a point of information. I want information from the Hon. Minister about the amount of loans advanced to ryots in the Rayalaseema districts and whether loans have been granted on the security of dry lands and if so, to what extent."

THE HON. SRI K. CHANDRAMOULI :—" I think it is better that I reply at the end." (Inaudible.)

* SRI R. SURYANARAYANA RAO :—" Sir, I have very great pleasure in supporting the motion brought forward by the Hon. Minister in charge of Co-operation. The usefulness of the bank has been realized ever since its inception. Whatever may be the nature of the Government in power, they have to give the necessary guarantee to the debentures issued by the bank to enable it to function properly and give relief to the ryots. I wish to add a few points to those mentioned by the Hon. Minister. At present the maximum amount of the guarantee stands at Rs. 450 lakhs and the request from the bank is to raise it to Rs. 550 lakhs. I may also state from the information I gather that out of this Rs. 450 lakhs, the bank has already exhausted Rs. 447 lakhs. So, further issue of debentures will not be possible unless the amount of guarantee is raised. The matter is urgent. If the bank is to render assistance to the ryots, its request should be conceded.

" There are a few other points also on which I would like to speak. From the report of the bank for 1947–48 and the reports of the previous years, it will be seen that the amount involved in loans of lower value is comparatively small. A small ryot does not get assistance to the extent he needs while rich people take away a large portion of the loans that are sanctioned. That is a point which we made once or twice in this House and we requested the Government to see that the bank gave preference to the smaller ryot so that he might redeem his prior debt and become free to follow his avocation without hardships imposed by money-lenders. 12-15 p.m.

" Then, Sir, one of the objects of the Land Mortgage Bank is to give loans for productive purposes such as reclamation of land

or bringing more lands under cultivation. It is not known what portion of the large amounts that have been given have been diverted to this useful purpose. I would like the Hon. Minister to bring it to the notice of the bank that they should encourage, especially in view of the Grow More Food Campaign, loans for productive purposes, for bringing new lands under cultivation, for improving water facilities for the existing lands and so on so that the money lent may be properly spent and in that way the Government may be assisted in their efforts.

"Then, Sir, the Hon. Minister referred to the recommendations of the Rayalaseema Co-operative Enquiry Committee. We are grateful for the generous response which the Government have made in regard to lowering of the rate of interest on loans given to the ryots in Rayalaseema. But I would like to make a correction, Sir. The Government only subsidise to the extent of 1¼th not 2¼th per cent. While the loans are given to the ryots at the rate of 4 per cent, the prevailing rate elsewhere is 5¼ per cent.

"Sir, another point to which I would like to draw the attention of the Hon. Minister is to the question as to what happened to the other recommendations of the Rayalaseema Enquiry Committee in respect of land mortgage banks. We suggest that the limit of loans might be raised to 75 per cent of the value of wet land and 60 per cent in the case of dry land. Especially in respect of dry lands there should be no hesitation as commercial crops are grown and the yield gives much better monetary result than even perhaps paddy in wet lands.

"Then there is the big question of giving loans on the security of rain-fed lands. That question, I am afraid, has not yet been finally settled by the Government. It seems to be still under consideration whether rain-fed lands should not be accepted for the purpose of security.

"Next we suggested that in lean and bad years the ryots might be permitted to postpone the payment of instalments. Sir, taking the Circars, the effects of the recent disastrous cyclone must have crippled the resources of many ryots; they may not be in a position to pay back the instalments during this year. Under such circumstances, some provision must be made by which the ryot should be enabled to pay the instalment due this year, next year without any coercive processes being taken against him. I would like to know, in view of the recent occurrences in the Circars also, what method the Government propose to adopt to provide for postponement of payment of instalment due in a particular year either on account of the year being lean or bad or on account of the occurrence of such disasters as the recent cyclone. I was told the Central Land Mortgage Bank have suggested the creation of what is known as a 'revolving fund.' I am not aware of the particulars, Sir. I am sure the creation of a revolving fund is one which enables the Bank

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to make good the instalments due on account of such calamities. I would like the Hon. Minister to examine it as the calamity has come nearer home to him and he could appreciate and realize the difficulties of the ryots in paying instalments in time when such calamities occur such as have happened in the Circars. With these few words, Sir, I have very great pleasure in supporting the Hon. Minister and I hope, without any great delay, this increased guarantee will be given to the Bank."

* SRI N. RANGA REDDI :—" Mr. President, in speaking on the resolution brought forward by the Hon. Minster for an increase in the guarantee given to the Madras Co-operative Central Land Mortgage Bank, Ltd., I would like to make a few observations with regard to the policy of the Central Land Mortgage Bank in the award of loans and amounts to the various banks in the mufassal. Though the Government have said that there is no objection to the grant of loans for dry lands, I find, Sir, from time to time the Madras Co-operative Central Land Mortgage Bank has been insisting that loans should be given only on the security of wet lands. As a matter of fact, as early as the year 1936 or 1937—I do not exactly remember the year—agitation was started that loans also should be granted on the security of dry lands and in that year the Bank changed its policy and said that loans should be granted also on the security of dry lands. When I say that loans should be granted on the security of dry lands, I refer to lands on which crops are raised as 'rain-fed lands', as was put by my hon. Friend, Mr. Suryanarayana Rao. If no loans are to be granted on the security of dry lands, these loans would not at all be useful to people living in the Rayalaseema. I may submit for the consideration of this House that almost all the lands are rain-fed lands and there are very few lands which are fed by mere well irrigation, as it were, and therefore much benefit cannot be derived by a scheme like this. The objection seems to be that so far as these rain-fed lands are concerned, there may not be a return in the sense that the Government cannot have a guarantee of repayment every year or the Central Land Mortgage Bank cannot have a guarantee. Every year there cannot be a return like that. But then that is all the more reason why loans ought to be advanced to these owners of dry lands rather than the owners of wet lands. Therefore, what I would like to impress upon the Government is that the benefit of these loans should go not only to the owners of wet lands but also to the owners of dry lands. I also find that at every time the presidentship of this Land Mortgage Bank changes, the policy also in a certain sense changes. Recently there has been a change in the personnel or in the presidentship of the Central Land Mortgage Bank. There was a meeting of the Co-operators in the Cuddapah district in which the Hon. Minister for Co-operation was also present. There a question was raised whether loans could be granted on the security of dry lands. The

President of the Central Land Mortgage Bank said that it was every difficult to rely on the secruity of dry lands and that there was a probability of losing the loans and therefore loans should not be granted on the security of dry lands. Of course, I got up and said that if no loan could be granted on the security of dry lands, there was no benefit at all. There, I suggested and also implored the Hon. Minister for Co-operation that if there was a rule like that, it ought to be changed so that the benefit could equally go to the owners of the dry lands and I hope that the Government have also advised the Central Land Mortgage Bank to change its policy, and grant loans on the security of dry lands.

"Then, Sir, if the policy is going to be changed from year to year as and when there is a change in the presidentship of the Bank, much progress cannot be made in the distribution of these loans also. I may also submit that so far as the loans taken by the owners of dry lands are concerned, they have been discharged much earlier than the stipulated period. Probably the House is aware that a loan is granted by this Land Mortgage Bank to be repaid in twenty instalments. Loans which have been taken by the owners of dry lands previously after the prices have gone up have been repaid in the course of three or four years. Therefore, there should be no apprehension on the part of these Banks to give loans to the owners of dry lands. My request to the Hon. Minister is that no restrictions ought to be placed with regard to the loans to be awarded to the owners of dry lands and that no distinction ought to be made between rain-fed lands and lands which are irrigated by wells. If the rain-fed lands are excluded from the scope of the benefits of these loans, I submit no benefit could be realized by the owners of dry lands."

* SRI M. NARAYANA MENON :—"Mr. President, a reference has been made to Malabar and a concession, as it were, has been pointed out that now to the Malabar ryot about 35 per cent of the value of the property will be given as loan. I have to bring to the notice of the Government that in Malabar originally it was difficult for a ryot to get any loan from the Land Mortgage Bank, the reason being that most of the ryots were only holders of 'kanam' lands and the term 'kanam land' was not understood generally by the officers who were in charge with the result that many applications for loans based on kanam lands were rejected. So, many people came to me but I could certainly not give them any redress because the officers did not care to understand the position. Now I would request the Government to assess the value of kanam rights according to law, what actually is its market value and whether it would be any security for the loan to be granted and so on. So far as the present law in Malabar is concerned, a kanam tenant cannot be easily ejected from the holding. According to the present law, landlord cannot eject a kanam tenant from the holding unless the landlord cannot find enough

means for livelihood. On that basis, the kanam tenant has obtained a very secure tenure and the holders of kanam lands can be given as much loans as the holders of 'jenmam' lands in Malabar. I suggest that the Government may consider the question and give the kanam tenants loans, according to the market value of the land under the present circumstances.

"One word more and I have done. With regard to the other ryots, that is to say, verumpattam ryots, they also cannot be ejected from the holding at the will and pleasure of the landlord, so that they also can be helped to a very large extent if the Government would really consider the present position of those tenants who have obtained practically occupancy rights. These things may be considered carefully by the Government and proper rules framed about them."

DR. V. K. JOHN :—"Mr. President, I rise to give my support to this resolution. Although the Govarnment make many mistakes, this is one instance where they have done what is proper and correct. The prosperity of this country must depend upon co-operation and co-operative effort. The one department of the Government which functions fairly satisfactorily is the Co-operative Department and I am glad to pay a compliment to the Minister in charge of Co-operation and also to the Registrar and his Assistant who have in a very short time been able to give a new outlook to the Government servants in the Co-operative department, an outlook which is not authoritative but a service outlook. The backbone of any co-operative effort is finance. The Co-operative Land 12-30 p.m. Mortgage Bank, and particularly any primary bank do need financial assistance and I am glad that the Government have come forward to give financial assistance. When, we develop co-operative efforts and co-operative institutions in our Province, we can have greater food production, distribution and supply and supply of manure and other implements like seeds, etc. Co-operative effort will also be useful in cultivation. Co-operation can do wonders. Co-operation will be useful in the case of cottage industries also. On co-operation, this Province will have to depend for its prosperity, economic prosperity. I may suggest this to the Hon. Mr. Madhava Menon, our Law Minister. If our co-operative societies are developed, they can be utilised even for curbing the lawlessness of the communists, provided we choose good men on the committees of the Co-operative Societies in the villages and in the rural parts. They may wield very great influence on the subversive elements in the Province. I am glad Sir, that this Government are paying very great attention to development of co-operation and co-operative effort and this is an instance in which the Government have done something which I consider to be right and useful. I congratulate the Government on moving this resolution."

* THE HON. SRI K. CHANDRAMOULI :—"Sir, I am glad that the hon. Members have given their unanimous support to the

Government in this matter. Some hon. Members have also raised three or four important points to which I will briefly reply. The first thing is the remark of Sri Suryanarayana Rao. He was under the impression that the loans are exclusively given only for redeeming prior debts. There is no restriction of that kind now. The object of the present Government is to see that these loans are properly utilized exclusively for the production of food and increased food production. The second point is that small ryots are not given benefits of these loans. I may tell the hon. Members that with regard to the complaint that the small borrower is not adequately accommodated in respect of these loans, it may be relevant to point out that during 1947–48, out of a number of 3,061 loans issued by the Co-operative Land Mortgage Bank, 1,978 were loans disbursed for amounts below Rs. 2,000 and the total amount of these loans is Rs. 18,80,345 out of a total amount of Rupees 61,55,185, which works out to about 30 per cent. Thus it will be seen that 30 per cent of the loans were given to these people who are very small ryots and with a lesser borrowing capacity.

"With regard to Malabar, I can say that the maximum loan has been raised from 35 per cent to 50 per cent of the value of **janmam** lands. Loans are permitted up to 50 per cent (as against 35 per cent formerly) of the Kanarthams of the value of improvements effected both on renewable and non-renewable **kanoms**. Previously loans were issued on the security of only renewable kanoms. The limit of loans on the security of kuzhikanoms has been raised from 35 per cent to 50 per cent of the value of improvements effected by kuzhikanomdars. The limit of loans on the security of customary verumpattam has been enhanced from 35 per cent to 50 per cent of the value of improvements. Then there is another point regarding the dry lands, exclusively rainfed lands. It is true, Sir, that in the present rules, there is no special provision with regard to these. That is why, we have already instructed the Land Mortgage Bank to go into the matter and see that certain concessions are allowed immediately. Even if there is nothing in the rules, we have requested the bank to send certain proposals and I can assure the hon. Members that within a very short time, an amendment may be brought to that effect. In that connexion, I may assure Sri Suryanarayana Rao that the creation of a revolving fund has also been suggested by the Government to the Land Mortgage Bank. Sri Ranga Reddi has said that regarding loans taken on dry lands, the ryots may not be able to pay the instalments when the crop fails. There is no security of the crop in the dry lands. In this connexion, I may inform the House, that we are trying to correct the position so that even people in dry areas may be benefited by the Land Mortgage Bank. I can assure the House that the Government are taking various steps not only in this direction but in another direction by taking into consideration the non-deltaic areas and also backward areas and giving them liberal concessions.

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" Regarding the correction made by Sri Suryanarayana Rao regarding the rate of interest on loans, no doubt, the Government have allowed a subsidy of $1\frac{1}{4}$ per cent on the loans to be issued by the Bank in the case of the Rayalseema area.

" With these few words, I request the House to accept the resolution."

MR. PRESIDENT :—" The question is—

' This Council recommends to the Provincial Government that they may under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank, Limited, up to a total face value of Rs. 550 lakhs exclusive of such debentures as the Bank may from time to time redeem, such debentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum '."

The motion was then carried.

V.—DISCUSSION ON THE DAMAGES BY CYCLONE IN ANDHRA DISTRICTS.

THE HON. SRI H. SITARAMA REDDI :—" Sir, I move—

' *that the situation caused by the recent cyclone in the Andhra districts be considered.*'

In making this motion, I would like to state that as the Hon'ble Members are already aware, the northern Circars and the Ceded districts suffered severe damage and went through extreme hardship as a result of the floods of last September. The public have already been made aware of the damage caused by the floods of September and the relief measures adopted through a Press Note issued by the Government towards the middle of last month. Heavy rains towards the latter half of September 1949 resulted in high floods in the Pennar, Krishna and Tungabhadra rivers and in other minor streams mainly in the districts of Nellore, Guntur, Krishna, Bellary, Cuddapah and Kurnool. The flood damage was particularly severe in the districts of Guntur, Krishna and Nellore. less severe in the districts of Bellary, Cuddapah and Kurnool and negligible in the other districts.

" It is unfortunate that within less than a month, the cyclone, another calamity of greater severity should have befallen. The districts of Guntur and Krishna, which were badly affected by the floods of September again suffered considerable damage in the cyclone of October. The northern-most districts of the Province, viz., Visakhapatnam and the Godavaries, which remained practically unaffected by the September floods were badly hit by the cyclone of last month. The India Meteorological Department gave warning of